



Mt Diablo Unified School District

Assistant Superintendent, Administrative Services
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MEMORANDUM

DATE: February 6, 2010

TO: Steven Lawrence, Superintendent

FROM: Pete Pedersen, Assistant Superintendent, Administrative Services

RE: **Recommendation to Consider Diminishing the Level of Participation in Contract with County Office of Education for the Provision of Limited Transportation Services**

Background

In a May 24, 2009 memorandum written to then Interim Superintendent, Dick Nicoll, we recommended that three (3) separate, but complimentary actions be considered post haste as part of a larger effort to reduce aggregate special education contract transportation costs. These recommendations were precipitated by a concern with escalating costs associated with the heretofore unchallenged reliance on a long-standing contract with the Contra Costa County Office of Education (CCCOE) for Limited Transportation Services. A copy of this May 24, 2009 memorandum is attached hereto as Attachment A. These three actions consisted of 1) purchasing and implementing a comprehensive, computerized route efficiency program to optimize both MDUSD and vendor routes; 2) developing criteria and specifications for the issuance of a Request for Proposals (RFP) for the solicitation of alternate, non-conforming transportation services and 3) exploring the practical and economic feasibility of providing in-house transportation services for the ridership presently served through Contra Costa County Office of Education (CCCOE) administered transportation program.

As of this date, a computerized routing system has been purchased and is presently being installed for staff training and implementation this spring. Additionally, an RFP for non-conforming transportation services was issued and a contract awarded in advance of the 2009-2010 school year. We remain steadfast and confident in our belief that these two actions will lend toward the continued cost containment of special education transportation expenditures.

Given the immanent staff reductions associated with the recent Board action to eliminate most Parent-Paid busing we were compelled to revisit a feasibility analysis which explored a possible reduction/elimination our reliance on the CCCOE contract in favor of providing these same transportation services more efficiently and economically with District resources. As a result of this analysis we are now respectfully

recommending, that the District seriously consider the incremental and strategic in-house assimilation and self-performance, of these contracted services by expanding the District's fleet through capital expenditure, and increasing the permanent School Bus Driver employee roster.

Discussion

Existing Contract Costs

On August 11, 2009 the Board of Education approved an agreement with the Contra Costa County Office of Education (CCCOE) to provide transportation services (through a contract with Durham School Services) for the 2009-10 school year. Assuming that CCCOE would receive 80% of its special education apportionment from the State, our projected annual costs for 2009-2010 under this agreement would be approximately \$1,030,000.00. However, given the mercurial and unpredictable nature of recent state finances the Board approved a staff-recommended 'not to exceed' budget of \$1,430,000.00 which assumed that no apportionment whatsoever would be forthcoming. A copy of this particular Board docket is attached hereto as Attachment B.

Because any state special education apportionment, whatever it might eventually be, would be based on ridership it would, eventually, have the same application and economic effect on a MDUSD-administered program as it would on a CCCOE-administered program. As such, for the purposes of this feasibility assessment, the affect of any special education apportionment will be excluded.

As revealed in the February 3, 2009 memorandum (attached hereto as Attachment C) from Mary Ann Tucker, the Special Education Department projects that, absent any apportionment, costs for Transportation only under the existing CCCOE agreement will be approximately \$1,179,412.45. The costs for Bus Assistants and other costs are projected to be \$191,814.63. Total projected expenditures for 2009-2010 under this contract then, are estimated at \$1,371,227.08.

Estimated In-District Costs

Transportation:

An in-house assessment of the current ridership serviced by Durham School Services indicates that nineteen (19) additional bus routes would need to be established to accommodate the entire MDUSD ridership presently serviced under the CCCOE contract. Several of these routes transport wheelchair students. Absent any appropriate vehicles or sufficient permanent staff, nineteen (19) vehicles would need to be procured and nineteen (19) additional, permanent School Bus Driver positions would need to be approved to establish said routes. The projected annual cost for nineteen (19) permanent, fully-benefited School Bus Drivers for the 2010-2011 School Year would be \$688,522.00. The present day cost of nineteen (19) new and appropriate school buses would be approximately \$1,378,925. As indicated on the attached debt service schedule provided by Government Financial Strategies (attached hereto as Attachment D), the annual debt service for a fifteen (15) year real property lease-purchase for this amount would be \$140,863.13. Using present-day vehicle maintenance and fuel costs, projected expenditures for regular maintenance and fuel for nineteen (19) additional buses would be approximately \$137,750.00. The total 2010-2011 annual cost then, for Mt. Diablo Unified to assume the transportation (exclusive of Bus Assistant costs) services currently provided by Durham through the CCCOE contract is estimated to be

\$967,135.13 .This represents a savings of **\$212,277.32** as compared to the CCCOE 'transportation only' cost of \$1,179,412.45 projected by the Special Education Department for the 2009-2010 School Year.

Assistants:

As previously cited, the Special Education Department anticipates expending approximately \$191,814.63 for Bus Assistants and 'other costs' in the 2009-2010 school year. This total projected expenditure reflects anticipated costs for the provision of six (6) vendor-provided Bus Assistants assigned to six (6) specific Durham routes. These Bus Assistants are assigned exclusively and unilaterally (absent input or involvement from the District) by Durham in response to special needs students or chronic behavior management situations. The District is charged a flat per diem rate for these Bus Assistants irrespective of the hours actually worked. Arguably then, at a projected annual 'per assistant' cost of \$31,969.11, it would seem as though in-house staffing alternatives might easily yield appreciable cost reductions here. And while the creation of a District Bus Assistant classification or possibly the use of School Bus Driver cadets/trainees should be considered, it is of certain import to recognize that the depth, responsiveness and adaptability of the Transportation Department would be greatly enhanced, and the special needs students and the District better served, if these Bus Assistant positions were filled by certified School Bus Driver positions. At a fully benefited annual cost of \$36,238.00 the cost for six (6) such positions would be \$217,428.00. These additional School Bus Driver positions would extend the department's capacity to respond to emergency and substitute needs, reduce charter bus costs for site and athletic trips and to reduce overall special needs student ride times as stipulated in the Consent Decree.

Recommendation

Absent any dramatic change in student ridership or prospective discounting in contract service costs it would be difficult not to reaffirm a recommendation that the District consider self-performing transportation service for at least a significant portion, if not all of that ridership currently served under contract with CCCOE. However, in light of patent challenges related to Driver recruitment, resource acquisition and organizational demands we are recommending that any such assumption of services be implemented in a planned, incremental or phased program. To attempt to assume the entire CCCOE program en masse could prove overwhelming and have an adverse impact on our capacity to attend to the demands of the pre-existing MDUSD special needs ridership. So acknowledged, we would respectfully request an opportunity to approach the Board of Education with a request to consider a staffing and Bus acquisition plan intended to provide appreciable financial relief and operational efficiency. Using available data, and assuming the historically consistent level of ridership presently served under the CCCOE agreement, the proposed self-performance of all transportation and Bus Assistant services would total approximately **\$1,184,563.13** This represents an annual projected savings of approximately **\$186,663.95** as compared to the Special Education 2009-2010 projection, or **\$245,436.87** below the approved budget for the CCCOE contract .A simple table comparing budgeted, projected CCCOE-administered costs and projected costs associated with the proposed MDUSD self-performance is attached hereto as attachment E.

Your review and consideration of this matter is appreciated.

cc: Wayne Harris Greg Rolen
 Jeff McDaniel Bryan Richards